

CENTRAL COMMUNITY SCHOOL DISTRICT

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS**

June 30, 2014

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CENTRAL COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2013 Election)		
Kristin Fitzgerald	President	2015
Joleen Jansen	Vice President	2015
Kevin Lau	Board Member	2013
Dan Lane	Board Member	2013
Julie Suhr	Board Member	2013
Rachel Jaster	Board Member	2013
Todd Lenth	Board Member	2015
(After September 2013 Election)		
Kristin Fitzgerald	President	2015
Joleen Jansen	Vice President	2015
Todd Lenth	Board Member	2015
Rachel Jaster	Board Member	2017
Jared Finley	Board Member	2017
Robert Frieden	Board Member	2017
Ed Hertrampf	Board Member	2017
School Officials		
Nicholas Trenkamp	Superintendent	Indefinite
Joyce Piorkowski	District Secretary/Treasurer and Business Manager	Indefinite
Brett Nitzschke	Attorney	Indefinite

Dietz, Donald & Company

CERTIFIED PUBLIC ACCOUNTANTS

STEVEN S. CLAUSEN, CPA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Central Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the remaining fund information of Central Community School District, Elkader, Iowa, as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the

District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the remaining fund information of Central Community School District as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 8 through 16 and 45 through 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Central Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 4

is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 5, 2014 on our consideration of Central Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Central Community School District's internal control over financial reporting and compliance.

Elkader, Iowa

November 5, 2014



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MANAGEMENT'S DISCUSSION AND ANALYSIS

Central Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2014 FINANCIAL HIGHLIGHTS

General Fund revenues decreased from \$ 5,334,910 in fiscal 2013 to \$ 5,289,775 in fiscal 2014, while General Fund expenditures decreased from \$ 5,126,660 in fiscal 2013 to \$ 5,061,828 in fiscal 2014. The District's General Fund balance increased from \$ 1,423,842 at the end of fiscal year 2013 to \$ 1,651,789 at the end of fiscal year 2014, a 16.0% increase.

The decrease in General Fund revenues was due primarily to a decrease in property taxes. The decrease in expenditures was due primarily to decreases in instruction expenditures.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Central Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Central Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Central Community School District acts solely as custodian for the benefit of those outside the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the capital projects fund subaccounts.

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

Governmental activities: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.

Business type activities: The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

1. Governmental funds: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near term to finance the District's programs.

The District's governmental funds include the General Fund, the Special Revenue Funds, and the Capital Projects Fund.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

2. Proprietary funds: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business type activities but provides more detail and additional information, such as cash flows. The District's Enterprise Fund is the School Nutrition Fund.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

3. Fiduciary funds: The District is the trustee, or fiduciary, for assets that belong to others. The District currently has one Fiduciary Fund, a Private Purpose Trust Fund. The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary fund are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements

because it cannot use these assets to finance its operations.

The required financial statements for the fiduciary fund include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A summary of the District's net position at June 30, 2014 compared to June 30, 2013 is provided below:

<u>Condensed Statement of Net Position</u>							
<u>(Expressed in Thousands)</u>							
	<u>Governmental</u>		<u>Business Type</u>		<u>Total</u>		<u>Total</u>
	<u>Activities</u>		<u>Activities</u>		<u>District</u>		<u>Change</u>
	<u>June 30</u>		<u>June 30</u>		<u>June 30</u>		<u>June 30</u>
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2013-14</u>
Current and other assets	\$ 5,484	5,217	72	81	5,556	5,298	4.9%
Capital assets	2,712	2,512	23	27	2,735	2,539	7.7%
Total assets	8,196	7,729	95	108	8,291	7,837	5.8%
Long-term liabilities	206	118	3	3	209	121	72.7%
Other liabilities	681	653	7	7	688	660	4.2%
Total liabilities	887	771	10	10	897	781	14.9%
Deferred Inflows	2,059	2,216	0	0	2,059	2,216	-7.1%
Net position:							
Invested in capital assets	3,177	3,008	23	27	3,200	3,035	5.4%
Restricted	785	528	0	0	785	528	48.7%
Unrestricted	1,288	1,206	62	71	1,350	1,277	5.7%
Total net position	\$ 5,250	4,742	85	98	5,335	4,840	10.2%

The District's combined net position increased 10.2%, or approximately \$ 495,000 over the prior year. The largest portion of the District's net position is invested in capital assets (e.g. land, buildings and equipment).

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased approximately \$ 257,000, or 48.7% over the prior year. The increase was due to increases in net position restricted for management

levy purposes, for categorical funding, and physical plant and equipment.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by enabling legislation or other legal requirements - increased approximately \$ 73,000 or 5.7%.

The following schedule shows the change in net assets for the year ended June 30, 2014 compared to the year ended June 30, 2013.

		Changes in Net Position						
		(Expressed in Thousands)						
		Governmental Activities		Business Type Activities		Total District		Total Change
		June 30,		June 30,		June 30,		June 30,
		2014	2013	2014	2013	2014	2013	2013-14
Revenues:								
Program revenues:								
Charges for service	\$	603	629	122	123	725	752	-3.6%
Operating grants and Contributions		893	833	125	117	1,018	950	7.2%
General revenues:								
Property tax		2,024	2,174	0	0	2,024	2,174	-6.9%
State-wide sales and Services and use tax		414	403	0	0	414	403	2.7%
Income tax surtax		309	226	0	0	309	226	36.7%
Unrestricted state grants		2,054	1,997	0	0	2,054	1,997	2.9%
Unrestricted investment Earnings		26	23	0	0	26	23	13.0%
Other		38	26	1	1	39	27	44.4%
Total revenues		6,361	6,311	248	241	6,609	6,552	0.9%
Program expenses:								
Governmental activities:								
Instruction		3,784	3,882	0	0	3,784	3,882	-2.5%
Support services		1,675	1,602	1	5	1,676	1,607	4.3%
Non-instructional programs		0	0	260	244	260	244	6.6%
Other expenses		388	376	0	0	388	376	3.2%
Total expenses		5,847	5,860	261	249	6,108	6,109	0.0%
Increase (decrease) in net position		514	451	(13)	(8)	501	443	13.1%
Net position beginning of year		4,736	4,285	98	106	4,834	4,391	10.1%
Net position end of year		\$ 5,250	4,736	85	98	5,335	4,834	10.4%

In fiscal 2014, property tax and unrestricted state grants accounted for 64.2% of governmental activities revenue while charges for service and operating grants accounted for 99.6% of business type activities revenue.

The District's total revenues were approximately \$ 6.61 million of which approximately \$ 6.36 million was for governmental activities and approximately \$ 248,000 was for business type activities.

As shown on the previous page, the District as a whole experienced a 0.9% increase in revenues and a \$ 1,000 decrease in expenses. Property taxes decreased approximately \$ 150,000, while unrestricted state grants increased approximately \$ 57,000.

Governmental Activities

Revenues for governmental activities were \$ 6,360,612 and expenses were \$ 5,847,004. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net costs of the District's major governmental activities: instruction, support services, and other expenses for the year ended June 30, 2014 compared to the year ended June 30, 2013.

Total and Net Cost of Governmental Activities						
(Expressed in Thousands)						
	Total Cost of Services			Net Cost of Services		
	2014	2013	Change 2013-14	2014	2013	Change 2013-14
Instruction	\$ 3,784	3,882	-2.5%	\$ 2,540	2,700	-5.9%
Support services	1,675	1,602	4.6%	1,629	1,522	7.0%
Other expenses	388	376	3.2%	182	176	3.4%
Total	\$ 5,847	5,860	-0.2%	\$ 4,351	4,398	-1.1%

For the year ended June 30, 2014:

The cost financed by users of the District's programs was \$ 602,598.

Federal and state governments subsidized certain programs with grants and contributions totaling \$ 893,482.

The net cost of governmental activities was financed with \$ 2,746,625 in property and other taxes and \$ 2,053,930 in unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2014 were \$ 248,261 representing an 3.3% increase over the prior year, while expenses totaled \$ 260,653, a 4.8% increase over the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, and federal and state reimbursements.

INDIVIDUAL FUND ANALYSIS

As previously noted, Central Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed fiscal year 2014, its governmental funds reported combined fund balances of \$ 2,743,641, well above last year's ending fund balances of \$ 2,341,891.

Governmental Fund Highlights

The General Fund balance increased from \$ 1,423,842 to \$ 1,651,789. Revenues decreased \$ 45,135, while expenditures decreased \$ 64,832.

The Special Revenue Management Fund balance increased from \$ 206,183 to \$ 377,405. Revenues were virtually unchanged at \$ 305,909 as the management levy remained unchanged. Expenditures decreased \$ 24,202.

The Capital Projects Fund balance increased from \$ 579,975 to \$ 590,430. Revenues increased \$ 104,205, due primarily to an increase in the PPEL levy. Expenditures increased \$ 108,911, due primarily to the purchase of additional student tablets.

Proprietary Fund Highlights

School Nutrition fund net position decreased from \$ 97,614 at June 30, 2013 to \$ 85,222 at June 30, 2014, representing a decrease of 12.7%. For fiscal 2014, the District's revenues increased \$ 7,855, however expenses showed an increase of \$ 11,966.

BUDGETARY HIGHLIGHTS

Over the course of the year, Central Community School District did not amend its budget. The District's total revenues were \$ 647,781 more than total budgeted revenues, a variance of approximately 4%, due primarily to increases in income tax surtaxes and the PPEL levy.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the District had invested approximately \$ 2.7 million, net of accumulated depreciation, in a broad range of capital assets including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. This represents a net increase of 7.8% from last year. More detailed information about the District's capital assets is presented in Note 3 to the financial statements. Depreciation expense for the year was \$ 281,493.

The original cost of the District's capital assets was nearly \$ 6.6 million. Governmental funds account for \$ 6.5 million with the remainder of approximately \$ 0.1 million accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital assets during the year occurred in the building category, which increased \$ 241,764. The two largest projects in fiscal 2014 were a \$ 51,511 lighting improvement project and updating the fire alarm system for \$ 36,842.

Capital Assets, net of Depreciation (Expressed in Thousands)							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	2013-14
Land	\$ 163	163	0	0	163	163	0.0%
Buildings	1,992	1,858	0	0	1,992	1,858	7.2%
Improvements other than Building	59	75	0	0	59	75	-21.3%
Furniture and equipment	499	416	23	27	522	443	17.8%
Total	\$ 2,713	2,512	23	27	2,736	2,539	7.8%

FACTORS BEARING ON THE DISTRICT'S FUTURE

The District has experienced declining enrollment for the past three years but expects a leveling off of that trend. Taxable valuations in the District increased 4.5% to \$ 161,333,742.

Budgeted disbursements for fiscal year 2015 are \$ 20,583 more than the budgeted amount for fiscal 2014, a 0.3% increase. The property tax rate for 2015 is 12.59715 per \$1000 taxable valuation, a 6.1% decrease from fiscal 2014.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Joyce Piorkowski, District Secretary/Treasurer and Business Manager, Central Community School District, 400 First Street NW, Elkader, Iowa 52043.

BASIC FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2014

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,161,237	56,382	3,217,619
Receivables:			
Property tax:			
Delinquent	26,221	-	26,221
Succeeding year	2,002,646	-	2,002,646
Accounts	1,112	3,720	4,832
Due from other governments	289,930	-	289,930
Inventories	-	12,075	12,075
Prepaid expense	2,986	125	3,111
Capital assets, net of accumulated depreciation	2,712,188	23,279	2,735,467
TOTAL ASSETS	8,196,320	95,581	8,291,901
LIABILITIES			
Accounts payable	105,934	433	106,367
Salaries and benefits payable	382,985	1,308	384,293
Due to other governments	192,242	-	192,242
Unearned revenue	-	5,479	5,479
Long-term liabilities:			
Portion due within one year:			
Compensated absences	12,173	-	12,173
Early retirement	13,401	-	13,401
Portion due after one year:			
Early retirement	9,758	-	9,758
Net OPEB liability	170,660	3,139	173,799
TOTAL LIABILITIES	887,153	10,359	897,512
DEFERRED INFLOW OF RESOURCES			
Unavailable revenues:			
Succeeding year property tax	2,002,646	-	2,002,646
Succeeding year surtax	56,684	-	56,684
TOTAL DEFERRED INFLOW OF RESOURCES	2,059,330	-	2,059,330
NET POSITION			
Net investment in capital assets	3,176,506	23,279	3,199,785
Restricted for:			
Categorical funding	180,811	-	180,811
Management levy purposes	354,246	-	354,246
Student activities	124,017	-	124,017
Physical plant and equipment	126,112	-	126,112
Unrestricted	1,288,145	61,943	1,350,088
TOTAL NET POSITION	\$ 5,249,837	85,222	5,335,059

See notes to financial statements

Exhibit B

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2014

FUNCTIONS/PROGRAMS:	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Service	Operating Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental activities:						
Instruction:						
Regular instruction	\$ 2,373,070	410,611	436,461	(1,525,998)	-	(1,525,998)
Special instruction	940,137	54,192	175,556	(710,389)	-	(710,389)
Other instruction	470,769	133,891	32,738	(304,140)	-	(304,140)
	3,783,976	598,694	644,755	(2,540,527)	-	(2,540,527)
Support services:						
Student	118,369	-	11,882	(106,487)	-	(106,487)
Instructional staff	215,009	-	5,999	(209,010)	-	(209,010)
Administration	560,368	-	22,282	(538,086)	-	(538,086)
Plant operation and maintenance	378,504	2,876	-	(375,628)	-	(375,628)
Transportation	403,129	1,028	2,500	(399,601)	-	(399,601)
	1,675,379	3,904	42,663	(1,628,812)	-	(1,628,812)
Other expenditures:						
Facilities acquisition	73,808	-	-	(73,808)	-	(73,808)
AEA flowthrough	206,064	-	206,064	-	-	-
Depreciation (unallocated)	107,777	-	-	(107,777)	-	(107,777)
	387,649	-	206,064	(181,585)	-	(181,585)
Total governmental activities	5,847,004	602,598	893,482	(4,350,924)	-	(4,350,924)
Business type activities:						
Support services:						
Instructional staff	554	-	-	-	(554)	(554)
Plant operation and maintenance	935	-	-	-	(935)	(935)
	1,489	-	-	-	(1,489)	(1,489)
Non-instructional programs:						
Food service operations	259,164	121,799	125,400	-	(11,965)	(11,965)
Total business type activities	260,653	121,799	125,400	-	(13,454)	(13,454)
Total	\$ 6,107,657	724,397	1,018,882	(4,350,924)	(13,454)	(4,364,378)

(continued)

Exhibit B
(continued)

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2014

	Net Expense (Revenue) and Changes in Net Position		
	Governmental Activities	Business Type Activities	Total
GENERAL REVENUES:			
Property tax levied for:			
General purposes	1,888,608	-	1,888,608
Capital outlay	134,905	-	134,905
Statewide sales, service and use tax	414,203	-	414,203
Income tax surtax	308,909	-	308,909
Unrestricted state grants	2,053,930	-	2,053,930
Unrestricted investment earnings	25,602	-	25,602
Other	38,375	1,062	39,437
Total general revenues	4,864,532	1,062	4,865,594
Change in net position	513,608	(12,392)	501,216
Net position beginning of year, as restated	4,736,229	97,614	4,833,843
Net position end of year	\$ 5,249,837	85,222	5,335,059

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

Exhibit C

	General	Management	Capital Projects	Nonmajor Student Activity	Total
ASSETS					
Cash and cash equivalents	\$ 2,138,420	373,480	519,667	129,670	3,161,237
Receivables:					
Property tax:					
Delinquent	20,626	3,925	1,670	-	26,221
Succeeding year	1,575,108	293,245	134,293	-	2,002,646
Accounts	1,015	-	-	97	1,112
Due from other governments	112,382	-	177,548	-	289,930
Prepaid expense	2,986	-	-	-	2,986
TOTAL ASSETS	\$ 3,850,537	670,650	833,178	129,767	5,484,132
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 21,809	-	80,113	4,012	105,934
Salaries and benefits payable	381,247	-	-	1,738	382,985
Due to other governments	192,242	-	-	-	192,242
Total liabilities	595,298	-	80,113	5,750	681,161
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	1,575,108	293,245	134,293	-	2,002,646
Succeeding year surtax	28,342	-	28,342	-	56,684
Total deferred inflows of resources	1,603,450	293,245	162,635	-	2,059,330
Fund balances:					
Restricted for:					
Categorical funding	180,811	-	-	-	180,811
Management levy purposes	-	377,405	-	-	377,405
Student activities	-	-	-	124,017	124,017
School infrastructure	-	-	464,318	-	464,318
Physical plant and equipment	-	-	126,112	-	126,112
Unassigned	1,470,978	-	-	-	1,470,978
Total fund balances	1,651,789	377,405	590,430	124,017	2,743,641
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,850,537	670,650	833,178	129,767	5,484,132

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET-GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2014

Total fund balances of governmental funds (page 21)	\$ 2,743,641
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are- not financial resources and, therefore, are not reported as assets in the governmental funds	2,712,188
Long-term liabilities, including compensated absences, early retirement and other post- employment benefits payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	<u>(205,992)</u>
Net position of governmental activities (page 18)	<u><u>\$ 5,249,837</u></u>

See notes to financial statements.

Exhibit E

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2014

	General	Management	Capital Projects	Nonmajor Student Activity	Total
Revenues:					
Local sources:					
Local tax	\$ 1,835,442	300,294	610,890	-	2,746,626
Tuition	438,422	-	-	-	438,422
Other	70,588	5,401	14,723	135,724	226,436
State sources	2,789,212	214	91	-	2,789,517
Federal sources	156,111	-	-	-	156,111
Total revenues	5,289,775	305,909	625,704	135,724	6,357,112
Expenditures:					
Current:					
Instruction:					
Regular	2,261,481	47,939	-	-	2,309,420
Special	935,418	-	-	-	935,418
Other	326,941	-	-	123,533	450,474
Total	3,523,840	47,939	-	123,533	3,695,312
Support services:					
Student	115,115	-	866	-	115,981
Instructional staff	114,444	-	101,376	-	215,820
Administration	505,573	35,210	6,705	-	547,488
Plant operation and maintenance	300,520	38,636	30,502	-	369,658
Transportation	296,272	12,902	160,228	20,065	489,467
Total	1,331,924	86,748	299,677	20,065	1,738,414
Other expenditures:					
Facilities acquisition	-	-	315,572	-	315,572
AEA flowthrough	206,064	-	-	-	206,064
Total	206,064	-	315,572	-	521,636
Excess (deficiency) of revenues over (under) expenditures	5,061,828	134,687	615,249	143,598	5,955,362
Fund balances beginning of year, as restated	227,947	171,222	10,455	(7,874)	401,750
Fund balances end of year	1,423,842	206,183	579,975	131,891	2,341,891
	\$ 1,651,789	377,405	590,430	124,017	2,743,641

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 Year Ended June 30, 2014

Net change in fund balances-total governmental funds (page 23)	\$ 401,750
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 474,939	
Trade in allowance	3,500	
Depreciation expense	<u>(277,970)</u>	200,469

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in the governmental funds. Payment of these liabilities is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Position. Differences between the Statement of Activities and governmental funds are as follows:

Early retirement	(14,058)	
Compensated absences	(4,349)	
Other postemployment benefits	<u>(70,204)</u>	(88,611)

Change in net position of governmental activities (page 20)	<u>\$ 513,608</u>
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See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2014

	Enterprise, School Nutrition
ASSETS	
Current assets:	
Cash	\$ 56,382
Accounts receivable	3,720
Inventories	12,075
Prepaid expense	125
Total current assets	72,302
Noncurrent assets:	
Capital assets, net of accumulated depreciation	23,279
TOTAL ASSETS	95,581
LIABILITIES	
Current liabilities:	
Accounts payable	433
Salaries and benefits payable	1,308
Unearned revenue	5,479
Total current liabilities	7,220
Noncurrent liabilities:	
Net OPEB liability	3,139
TOTAL LIABILITIES	10,359
NET POSITION	
Net investment in capital assets	23,279
Unrestricted	61,943
TOTAL NET POSITION	\$ 85,222

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
Year Ended June 30, 2014

	Enterprise, School <u>Nutrition</u>
Operating revenues:	
Local sources:	
Charges for service	\$ 121,799
Other	<u>1,062</u>
	<u>122,861</u>
Operating expenses:	
Support services:	
Instructional staff	554
Plant operation and maintenance	<u>935</u>
	<u>1,489</u>
Non-instructional programs:	
Food service operations:	
Salaries	90,696
Benefits	16,366
Purchased services	1,639
Supplies	146,903
Miscellaneous	37
Depreciation	<u>3,523</u>
	<u>259,164</u>
Total operating expenses	<u>260,653</u>
Operating loss	<u>(137,792)</u>
Non-operating revenues:	
State sources	1,974
Federal sources	<u>123,426</u>
Total non-operating revenues	<u>125,400</u>
Decrease in net position	(12,392)
Net position beginning of year, as restated	<u>97,614</u>
	<u>\$ 85,222</u>

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2014

	Enterprise, School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 121,947
Miscellaneous cash received	1,062
Cash paid to employees for services	(107,580)
Cash paid to suppliers for goods and services	(129,151)
Net cash used by operating activities	(113,722)
Cash flows from non-capital financing activities:	
State grants received	1,974
Federal grants received	100,787
Net cash provided by non-capital financing activities	102,761
Net decrease in cash	(10,961)
Cash beginning of year	67,343
Cash end of year	\$ 56,382
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	\$ (137,792)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	22,639
Depreciation	3,523
Increase in accounts receivable	(979)
Increase in inventories	(915)
Increase in prepaid expense	(125)
Decrease in accounts payable	(682)
Decrease in salaries and benefits payable	(518)
Increase in unearned revenue	1,127
Net cash used by operating activities	\$ (113,722)

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2014

	Private Purpose Trust
	<u>Scholarships</u>
ASSETS	
Cash and cash equivalents	\$ 40,233
LIABILITIES	
None	<u>-</u>
NET POSITION	
Reserved for scholarships	<u>\$ 40,233</u>

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 Year Ended June 30, 2014

	Private Purpose Trust <u>Scholarships</u>
Additions:	
Local sources:	
Gifts and contributions	\$ 15,000
Interest income	<u>72</u>
Total additions	<u>15,072</u>
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	<u>1,000</u>
Change in net position	14,072
Net position beginning of year	<u>26,161</u>
Net position end of year	<u>\$ 40,233</u>

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2014

(1) Summary of Significant Accounting Policies

Central Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades pre-Kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Elkader, Volga City, St. Olaf, Elkport and Garber, Iowa and the predominate agricultural territory of west central Clayton County. The District is governed by a Board of Education whose members are elected on a nonpartisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Central Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Central Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Clayton County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets, liabilities and deferred inflow of resources, with the difference reported as net position. Net position is reported in the following categories:

Invested in capital assets consists of capital assets, net of accumulated depreciation.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Special Revenue, Management Fund is used to account for the management levy which is used to pay insurance costs and early retirement benefits.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The District reports the following major proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The District also reports a fiduciary fund which focuses on net position and changes in net position. The District reports the following fiduciary fund:

The Private Purpose Trust Fund is used to account for assets held by the District under a trust agreement which requires income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications-committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash and Cash Equivalents - Non-negotiable certificates of deposit are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1.5% per month penalty for delinquent payments; is based on January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Boards of Supervisors in April 2013.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 3,000
Buildings	3,000
Improvements other than buildings	3,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	3,000

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	20-50
Improvements other than buildings	20
Furniture and equipment	4-15

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Unearned Revenue - Lunch fees collected from students, but not used by them at year-end are recorded as unearned revenue in the business type activities column of the Statement of Net Position and the Proprietary Fund Statement of Net Position.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that

have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2014. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Deferred Inflows of Resources - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred inflows of resources in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within 60 days after year end.

Deferred inflows of resources in the Statement of Net Position consists of succeeding year property tax and income tax receivable that will not be recognized as revenue until the year for which it is levied.

Fund Equity - In the governmental fund financial statements, fund balances are classified as follows:

Restricted - Amounts restricted to specific purposes when constraints are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned - All amounts not included in restricted.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) **Cash and Cash Equivalents**

The District's deposits in banks at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidence of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The District had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3.

(3) Capital Assets

Capital assets activity for the year ended June 30, 2014 was as follows:

	Balance Beginning Of Year	Increases	Decreases	Balance End of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 163,000	0	0	163,000
Capital assets being depreciated:				
Buildings	3,918,377	241,764	12,785	4,147,356
Improvements other than buildings	126,858	0	0	126,858
Furniture and equipment	2,047,985	236,675	81,011	2,203,649
Total capital assets being depreciated	6,093,220	478,439	93,796	6,477,863
Less accumulated Depreciation for:				
Buildings	2,060,715	107,777	12,785	2,155,707
Improvements other than buildings	51,581	16,729	0	68,310
Furniture and equipment	1,632,205	153,464	81,011	1,704,658
Total accumulated depreciation	3,744,501	277,970	93,796	3,928,675

Total capital assets being depreciated, net	<u>2,348,719</u>	<u>200,469</u>	<u>0</u>	<u>2,549,188</u>
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Governmental activities				
Capital assets, net	<u>\$ 2,511,719</u>	<u>200,469</u>	<u>0</u>	<u>2,712,188</u>

Business type activities:				
Furniture and equipment	\$ 100,823	0	0	100,823
Less accumulated depreciation	<u>74,021</u>	<u>3,523</u>	<u>0</u>	<u>77,544</u>

Business type activities				
Capital assets, net	<u>\$ 26,802</u>	<u>(3,523)</u>	<u>0</u>	<u>23,279</u>

Depreciation expense was charged to the following functions:

Governmental activities:		
Instruction:		
Regular		\$ 4,801
Special		2,331
Other		16,729
Support services:		
Instructional staff		75,019
Administration		1,119
Plant operation and maintenance		368
Transportation		<u>69,826</u>
		170,193
Unallocated		<u>107,777</u>
Total depreciation expense - governmental activities		<u>\$ 277,970</u>
Business type activities		
Food service operations		<u>\$ 3,523</u>

(4) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2014 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Early retirement					
benefits	\$ 9,101	21,317	7,259	23,159	13,401
Compensated absences	7,824	12,173	7,824	12,173	12,173
Net OPEB liability	100,456	70,204	0	170,660	0
Total	\$ 117,381	103,694	15,083	205,992	25,574
Business type activities:					
Net OPEB liability	\$ 3,139	0	0	3,139	0

Early Retirement Benefits

In December, 2009, the District approved a voluntary early retirement plan for employees. The plan was offered to employees for one year. Eligible employees had to have completed twelve (12) years of service and have reached age 55. Classified employees must have been employed at least thirty (30) hours per week for ten (10) months per year. Certified employees must be at least half time to qualify. Employees will receive a cash payment calculated as follows: forty percent (40%) of unused accumulated sick days multiplied by the employee's per diem wages. Per diem wages are based on contract days.

Supplemental duties and extended contract days are excluded. Classified per diem will be figured only to a maximum of eight hours. Upon retirement, the employee shall be eligible to participate in the District's health insurance plan. The District will pay up to \$ 300 per month towards this group insurance. At June 30, 2014, the District had an obligation of \$ 1,842 to one participant under this plan. Expenditures for the fiscal year ended June 30, 2014 were \$ 7,259.

In January, 2014, the District approved a voluntary early retirement program for employees. The plan was offered until June 30, 2014. Eligible employees must have completed nine (9) years of service and have reached age 55. Classified employees must have been employed at least thirty (30) hours per week for ten (10) months per year. Certified employees must be at least half time to qualify. Employees will receive a cash payment calculated as follows: forty percent (40%) of unused accumulated sick days multiplied by the employee's per diem wages. Per diem wages are based on contract days. Supplemental duties and extended contract days are excluded. Classified per diem will be figured only to a maximum of eight hours. Upon retirement the employee shall be eligible to participate in the District's health insurance plan by meeting the requirements of

the insurer. The District will pay \$ 400 per month towards this group insurance for a maximum of ten years or until the retiree reaches eligibility for Medicare, or dies, whichever comes first. At June 30, 2014, the District had total obligations of \$ 21,317 to two participants under this plan.

(5) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to: IPERS; P.O. Box 9117; Des Moines, Iowa 50603-9117.

Plan members are required to contribute 5.95% of their annual covered salary and the District is required to contribute 8.93% of annual covered payroll for the year ended June 30, 2014. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2014, 2013, and 2012 were \$ 268,026, \$ 258,222, and \$ 240,506, respectively, equal to the required contributions for each year.

(6) Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 47 active and 9 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay all premiums in excess of their explicit benefit of \$ 300 (\$ 400 for retirements after June 30, 2014) per month, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortized any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 139,413
Interest on net OPEB obligation	2,590
Adjustment to annual required contribution	<u>(9,914)</u>
Annual OPEB cost	132,089
Contributions made	<u>61,885</u>
Increase in net OPEB obligation	70,204
Net OPEB obligation beginning of year	<u>103,595</u>
Net OPEB obligation end of year	<u>\$ 173,799</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the District contributed \$ 61,885 to the medical plan. Plan members eligible for benefits contributed \$ 34,296, or 36% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2014 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 96,492	91.1%	\$ 11,052
2012	98,494	77.3	33,434
2013	150,194	53.3	103,595
2014	132,089	46.9	173,799

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$ 726,000 with no actuarial accrued value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$ 726,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$ 2.222 million and the ratio of the UAAL to covered payroll was 32.7%. As of June 30, 2014, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress of the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual and ultimate medical trend rates are 6%.

Mortality rates are from the 95 Group Annuity Mortality Table Projected to 2000 (2/3 Female, 1/3 Male). Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2011 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2011.

Projected claim costs of the medical plan are \$ 596 per month for retirees less than 65. The salary increase rate was assumed to be 2.5% per year. The UAAL is being amortized as a level percentage of projected payroll expenses on a closed group basis over 30 years.

(7) Risk Management

Central Community School District is exposed to various risks of loss related to torts; thefts; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(8) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$ 206,064 for the year ended June 30, 2014 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(9) Related Party Transactions

The District had business transactions totaling \$ 20,783 between the District and District employees and officials during the year ended June 30, 2014.

(10) Non-cash Transactions

The District received a trade-in allowance of \$ 3,500 for a 2001 bus traded in on the purchase of a 2014 bus.

(11) Prior Period Adjustments

Certain errors resulting in an understatement of previously reported accounts payable were discovered during the current year. Accordingly, adjustments of \$ 5,884 and \$ 472 to increase accounts payable as of the beginning of the year in the General Fund and Enterprise, School Nutrition Fund, respectively. A corresponding entry was made to reduce previously report fund balance and net position.

(12) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE OF
REVENUES, EXPENDITURES/EXPENSES AND CHANGES IN BALANCES-
BUDGET AND ACTUAL--ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND
REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2014

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts	Budgeted Amounts to Actual Variance
Revenues:					
Local sources	\$ 3,411,484	122,861	3,534,345	3,084,433	449,912
State sources	2,789,517	1,974	2,791,491	2,659,659	131,832
Federal sources	156,111	123,426	279,537	213,500	66,037
Total revenues	6,357,112	248,261	6,605,373	5,957,592	647,781
Expenditures/Expenses:					
Instruction	3,695,312	-	3,695,312	4,145,785	450,473
Support services	1,738,414	1,489	1,739,903	1,914,000	174,097
Non-instructional programs	-	259,164	259,164	280,000	20,836
Other expenditures	521,636	-	521,636	624,746	103,110
Total expenditures/expenses	5,955,362	260,653	6,216,015	6,964,531	748,516
Excess (deficiency) of revenues over (under) expenses	401,750	(12,392)	389,358	(1,006,939)	1,396,297
Balances beginning of year	2,341,891	97,614	2,439,505	2,003,363	436,142
Balances end of year	\$ 2,743,641	85,222	2,828,863	996,424	1,832,439

See accompanying independent auditor's report and notes to required supplementary information--budgetary reporting.

Central Community School District

Notes to Required Supplementary Information - Budgetary Reporting

Year Ended June 30, 2014

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except the Private Purpose Trust Fund. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
(In Thousands)
REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Fund Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	Jul 1, 2009	-	\$ 1,053	1,053	0.0%	2,715	38.8%
2011	Jul 1, 2009	-	937	937	0.00	2,541	36.9
2012	Jul 1, 2009	-	815	815	0.00	2,785	29.3
2013	Jul 1, 2012	-	889	889	0.00	2,238	39.7
2014	Jul 1, 2012	-	726	726	0.00	2,222	32.7

See Note 6 in the accompanying Notes to Financial Statements
for the plan description, funding policy, annual OPFB cost, net OPFB
obligation, funded status and funding progress.

See accompanying independent auditor's report.

SUPPLEMENTARY INFORMATION

CENTRAL COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 Year Ended June 30, 2014

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Operations	\$ 57,719	489	24,775	33,433
Reading is Fundamental	3,384	1,705	589	4,500
Elementary Fundraisers	12,083	7,578	3,236	16,425
Central Volunteer Organizations	163	-	-	163
Elementary Art	108	-	-	108
Elementary Activities	151	-	-	151
Elementary Curriculum	234	-	-	234
Drama	6,724	4,055	2,583	8,196
Music Department Dry Cleaning	75	1,200	1,266	9
Instrumental Music	(100)	100	-	-
Intramural Athletics	-	5,471	5,471	-
Co-ed Athletics	-	647	647	-
Track	-	4,736	4,736	-
Cross Country	-	2,590	2,590	-
Golf	-	1,346	1,346	-
Boys Basketball	-	4,750	4,750	-
Football	-	14,195	14,195	-
Baseball	-	3,110	3,110	-
Wrestling	-	3,948	3,948	-
Girls Basketball	-	4,740	4,740	-
Volleyball	-	2,062	2,062	-
Softball	-	1,695	1,695	-
FFA	8,880	15,246	13,405	10,721
Food and Fitness Club	3,619	2,144	5,316	447
Kellogg Grant	642	-	-	642
NEIFF Grant	4	-	-	4
4 H Grant	376	-	-	376
Wellness Fund	33	1,000	153	880
Luther Great Garden	744	-	264	480
Interactive	243	-	-	243
Accounting Mentors	280	-	-	280
6-12 Fundraiser	618	2,100	1,693	1,025
Middle School Counselors	77	971	905	143
KRA	24	-	-	24
National Honor Society	146	-	146	-
Media	7,772	2,955	4,512	6,215
Yearbook	3,586	5,302	7,193	1,695
Athletic Boosters	9,858	15,926	6,490	19,294
Student Council	371	291	302	360

(continued)

Schedule 1
(continued)

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2014

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Spanish Club	2,187	5,929	3,687	4,429
Cheerleaders	761	749	1,375	135
Class of 2017	-	8,877	4,822	4,055
Class of 2016	2,179	2,029	358	3,850
Class of 2015	3,820	5,828	6,439	3,209
Class of 2014	2,752	895	1,356	2,291
Class of 2013	2,378	-	2,378	-
Milk/Juice Sales	-	1,065	1,065	-
Total	\$ 131,891	135,724	143,598	124,017

See accompanying independent auditor's report.

CENTRAL COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
CAPITAL PROJECT ACCOUNTS
June 30, 2014

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
ASSETS			
Cash	\$ 394,864	124,803	519,667
Receivable:			
Property Tax:			
Delinquent	-	1,670	1,670
Succeeding year	-	134,293	134,293
Due from other governments	149,206	28,342	177,548
TOTAL ASSETS	\$ 544,070	289,108	833,178
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 79,752	361	80,113
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	134,293	134,293
Succeeding year surtax	-	28,342	28,342
Total deferred inflows of resources	-	162,635	162,635
Fund balances:			
Restricted for:			
School infrastructure	464,318	-	464,318
Physical plant and equipment	-	126,112	126,112
Total fund balances	464,318	126,112	590,430
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 544,070	289,108	833,178

See accompanying independent auditor's report.

CENTRAL COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 CAPITAL PROJECT ACCOUNTS
 Year Ended June 30, 2014

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ 414,203	196,687	610,890
Other	10,280	4,443	14,723
State sources	-	91	91
Total revenues	424,483	201,221	625,704
Expenditures:			
Support services:			
Student	866	-	866
Support staff	58,064	43,312	101,376
Administration	369	6,336	6,705
Plant operation and maintenance	445	30,057	30,502
Transportation	80,550	79,678	160,228
	140,294	159,383	299,677
Other expenditures:			
Facilities acquisition	315,572	-	315,572
Total expenditures	455,866	159,383	615,249
Excess (deficiency) of revenues over (under) expenditures	(31,383)	41,838	10,455
Fund balances beginning of year	495,701	84,274	579,975
Fund balances end of year	\$ 464,318	126,112	590,430

See accompanying independent auditor's report.

Schedule 4

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
For the Last Ten Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues:										
Local sources:										
Local tax	\$ 2,746,626	2,803,083	2,760,052	2,574,392	2,593,979	2,385,369	2,375,929	2,297,859	2,105,807	2,237,329
Tuition	438,422	442,917	315,972	303,764	293,837	216,225	241,471	241,353	221,079	185,009
Other	226,436	242,041	237,760	357,683	252,437	308,971	300,362	245,550	191,932	175,084
Intermediate sources	-	-	-	-	-	-	-	-	1,330	1,509
State sources	2,789,517	2,675,001	2,722,479	2,786,934	2,396,873	3,024,805	2,804,434	2,534,176	2,504,532	2,465,563
Federal sources	156,111	145,928	232,193	402,863	450,479	353,728	173,505	211,282	171,406	196,002
Total	\$ 6,357,112	6,308,970	6,268,456	6,425,636	5,977,605	6,291,108	5,895,701	5,530,220	5,196,086	5,290,496
Expenditures:										
Instruction:										
Regular	\$ 2,309,420	2,384,840	2,416,396	2,515,292	2,571,380	2,593,177	2,488,222	2,350,560	2,261,741	2,212,440
Special	935,418	1,002,199	771,608	768,914	786,060	760,669	752,180	654,103	572,957	484,282
Other	450,474	440,088	423,504	477,229	455,180	468,939	487,127	461,004	429,072	518,944
Support services:										
Student	115,981	116,130	114,965	146,115	177,620	136,138	147,063	137,099	132,861	126,412
Instructional staff	215,820	127,818	319,071	253,731	153,965	161,727	129,900	128,973	160,749	156,287
Administration	547,488	610,622	580,971	544,106	557,541	573,173	605,717	595,943	505,812	479,063
Plant operation and maintenance	369,658	311,718	307,009	350,225	345,451	350,744	375,500	382,394	379,627	366,882
Transportation	489,467	397,535	381,871	340,265	361,676	324,587	379,095	309,339	298,568	253,009
Non-instructional programs	-	9	360	7,807	12,769	-	190	-	-	-
Other expenditures:										
Facilities acquisition	315,572	352,713	381,616	333,674	278,144	481,134	268,209	373,258	131,181	216,419
Long-term debt:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	64,419	49,323	36,762	-	-
AEA flowthrough	206,064	199,215	199,737	226,317	224,868	1,142	3,733	4,657	180,395	180,137
Total	\$ 5,955,362	5,942,887	5,897,108	5,963,685	5,904,654	6,125,994	5,884,629	5,620,371	5,052,943	4,993,875

See accompanying independent auditor's report.

Dietz, Donald & Company

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education of the
Central Community School District

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the remaining fund information of the Central Community School District as of and for the year ended June 30, 2014, and the related Notes to Financial Statements which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 5, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Central Community School District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Central Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Central Community School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters which are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Central Community School District's Responses to Findings

Central Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Central Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Central Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Elkader, Iowa

November 5, 2014



Dietz, Donald & Company
Certified Public Accountants
FEIN 42-1172392

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
Year Ended June 30, 2014

Part I: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses were identified.

INSTANCES OF NONCOMPLIANCE

No matters were noted.

Part II: Other Findings Related to Statutory Reporting:

II-A-14 **Certified Budget** - Expenditures for the year ended June 30, 2014 did not exceed the amounts budgeted.

II-B-14 **Questionable Disbursements** - No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

II-C-14 **Travel Expenses** - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-14 **Business Transactions** - Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Raymond Piorkowski, spouse of Business manager, employee of Elkader Carpet & Design Center	Blinds, repairs, flooring and carpeting	\$ 20,565
Joe Sylvester, bus driver Owner of CJ Lanes, Ltd.	Bowling and pizza	<u>218</u>
		<u>\$ 20,783</u>

In accordance with an Attorney General's opinion dated November 9, 1976, the above transaction do not appear to represent a conflict of interest.

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
Year Ended June 30, 2014

II-E-14 **Bond Coverage** - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.

II-F-14 **Board Minutes** - No transactions were found that we believe should have been recorded in the Board Minutes but were not. However, the District did not publish annual gross salaries for the year ended June 30, 2014 as required in an Attorney General's opinion dated April 12, 1978.

Recommendation - The District should ensure the annual individual gross salaries are published as required.

Response - We have always done it previously, but was somehow overlooked this year. We will ensure that it will be done in the future.

Conclusion - Response accepted.

II-G-14 **Certified Enrollment** - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

II-H-14 **Supplementary Weighting** - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

II-I-14 **Deposits and Investments** - No instances of non-compliance with the deposits and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy were noted.

II-J-14 **Certified Annual Report** - The Certified Annual Report was certified timely to the Iowa Department of Education.

II-K-14 **Categorical Funding** - No instances of categorical funding being used to supplant rather than supplement other funds were noted.

II-L-14 **Statewide Sales, Services and Use Tax** - No instances of noncompliance with the use of statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
Year Ended June 30, 2014

II-L-14 Statewide Sales, Services and Use Tax (continued)

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2014, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning Balance		\$ 495,701
Revenues:		
Sales tax revenue	\$ 414,203	
Other local revenues	<u>10,280</u>	<u>424,483</u>
		920,184
Expenditures:		
School infrastructure construction	\$ 315,572	
Equipment	138,614	
Other	<u>1,680</u>	<u>455,866</u>
Ending Balance		<u>\$ 464,318</u>

For the year ended June 30, 2014, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.